

DORAL (continued)

- February - CTS Outlet Carton Promotion - All Regions

Buy 1 carton get 5 packs free with name generation insert.

- Promotion targeted for Retail Partners.
- Designed to attract franchise DORAL smokers, allowing the concurrent B2G1F pack promotion to be available for competitive trial.
- Generate franchise names for DORAL & Co.
- Promotion sleeve is identical to the January \$7.50 off special 15 pack carton promotion.
- Gratis packs for promotion will arrive at direct accounts in plain white cartons.
- Direct account should load 1 live carton of DORAL and corresponding 5 free packs into 15 pack sleeve.
- 20 offers per shipper SKU (30 total cartons).
- All gratis product will have complimentary tear tape.
- VAP ship date to retail accounts is week of February 16, 1998.

- March - CTS Outlet Pack Promotion

Pre-packed 5-pack sleeve (½ carton) with name generation insert.

- Promotion targeted for Retail Partners.
- Designed to offer an alternative to carton purchasers that become interested in trading down to pack purchasers due to potentially higher retail prices in 1998.
- Incentive consumer to purchase 5 packs versus 2-3 packs.
- Generate names for DORAL & Co.
- No special offer included with 5 pack sleeves. The normal ceiling strategy pricing activity should also be applied to each 5 pack sleeve (examples below).
- 5 pack sleeves will arrive at direct accounts in plain white cartons, 2 sleeves per carton.
- Direct account should ship designated quantity of sleeves to targeted CTS outlets.
- Special floor display/POS Kit available.
- Promotion execution at retail - 5 pack sleeve

Proper pricing communication is critical to the success of this promotion.

Option #1

- When selling promotion to retailer, number 1 objective is to achieve the best selling price for the 5 pack sleeve (Option #1). Retailers that insist on using their normal pack price times 5 packs to arrive at 5 pack sleeve selling price should not be sold this promotion.
- 5-pack sleeve priced equal to ½ of the retailer carton price, minus any ceiling strategy discount in place at the time.

Carton Price (non-promoted)	\$14.90
Ceiling Strategy Buydown	\$2.00 ctn./20¢ per pack

$\$14.90 \text{ Carton price} \div 2 = \$7.45 - \text{discount } (\$1.00) = \$6.45 \text{ 5 pack sleeve price}$

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